



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

JAN 30 2014

David Mason
Senior Vice President, Compliance Services
Aristotle International
205 Pennsylvania Avenue, S.E.
Washington, D.C. 20003

RE: MUR 6739 (Washington State Republican
Party *et al.*)

Dear Mr. Mason:

On January 29, 2014, the Federal Election Commission accepted the signed conciliation agreement submitted on Washington State Republican Party's behalf in settlement of a violation of 2 U.S.C. § 434(b), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the first installment of the civil penalty is due within 30 days of the conciliation agreement's effective date, and the remaining installments will be due monthly for the next nine months after the first payment. If you have any questions, please contact me at (202) 694-1548.

Sincerely,

A handwritten signature in cursive script that reads "Elena Paoli".

Elena Paoli
Attorney

Enclosure
Conciliation Agreement

140443551319

BEFORE THE FEDERAL ELECTION COMMISSION

2014 JAN 14 PM 12:32

In the Matter of)
Washington State Republican Party and)
Tom Perry in his official capacity)
as Treasurer)

MUR 6739

OFFICE OF THE CLERK
FEDERAL ELECTION COMMISSION

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities and by a *sua sponte* submission made by Washington State Republican Party to the Commission. Based on a Commission audit of Washington State Republican Party for the time period of 2009-2010 and the *sua sponte* submission regarding disclosure reports filed in 2012, the Commission found reason to believe that Washington State Republican Party and its treasurer ("Respondents") violated 2 U.S.C. § 434(b).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).
- II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondents enter voluntarily into this agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:

1. Washington State Republican Party is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Tom Perry is the current treasurer of Washington State Republican Party. He was not the treasurer at the time of the activities described herein.

3. The Federal Election Act of 1971 as amended (the "Act") requires treasurers to file reports disclosing the amount of cash-on-hand at the beginning and end of each reporting period; the total amount of receipts for the reporting period and for the calendar year; and the total amount of disbursements for the reporting period and for the calendar year. See 2 U.S.C. § 434(b) (1), (2), and (4).

4. State, district, and local committees of a political party are required to report receipts and disbursements for federal election activity if the aggregate amount of the receipts and disbursements exceeds \$5,000 in a calendar year. 2 U.S.C. § 434(e)(2)(A); 11 C.F.R. § 300.36(b)(2). Committees that are required to report federal election activity must file monthly reports. 2 U.S.C. § 434(e)(4); 11 C.F.R. § 300.36(c)(1). For committees that have a Levin Fund account, Commission regulations also require separate disclosure reports for those funds and transactions. 11 C.F.R. § 300.36.

5. Respondents did not comply with the Act's reporting requirements when they overstated receipts by \$45,641 in their non-Levin Fund account in 2009 and understated receipts by \$697,155 and understated disbursements by \$1,062,382 in their non-Levin Fund account in 2010.

6. Respondents did not comply with the Act's reporting requirements when they overstated disbursements by \$32,499 in their Levin Fund account in 2009 and understated disbursements by \$15,000 in their Levin Fund account in 2010.

7. In response to the Interim Audit Report's recommendations, Respondents amended their reports to properly disclose 2009 and 2010 activity.

8. Respondents did not comply with the Act's reporting requirements when they understated receipts by \$75,016.42 in their non-Levin Fund April and May 2012 monthly reports.

9. Respondents filed amendments to those and other affected reports concurrently with their *sua sponte* submission to properly disclose 2012 activity.

10. Respondents contend that the reporting errors were largely the result of errors by a vendor.

V. Respondents violated 2 U.S.C. § 434(b) by failing to accurately report receipts, disbursements, and cash-on-hand in its non-Levin Fund and Levin Fund disclosure reports.

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of fifty thousand dollars (\$50,000), pursuant to 2 U.S.C. § 437g(a)(5)(A). The civil penalty will be paid as follows:

1. A payment of five thousand dollars (\$5,000) is due no more than thirty (30) days from the date this Agreement becomes effective;

2. Thereafter, nine consecutive monthly installment payments of five thousand dollars (\$5,000) shall be paid within 30 days of the previous installment.

3. In the event that any installment payment is not received by the Commission by the fifth day after it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due upon ten days written notice to the Respondents. Failure by the Commission to accelerate the payments with

regard to any overdue installment shall not be construed as a waiver of its right to do so with regard to further overdue installments.

VII. 1. Respondents will cease and desist from violating 2 U.S.C. § 434(b).
2. Respondents will take the following compliance measures, some of which are already in place:

A. Revise Washington State Republican Party bylaws to require retention of a Controller (Chief Accounting Officer) with dual reporting responsibility to both the Washington State Party Chairman and the Executive Board, and removable only with approval of the Executive Board.

B. Require appropriate personnel to attend a Commission-sponsored training program for state and local party committees within one year of the effective date of the conciliation agreement.

C. Replace employees responsible for FEC and other financial reporting at the Committee and at the Committee's compliance vendor with better qualified personnel.

D. Create a written training manual, prepared by experienced federal campaign finance consultants, to assist appropriate personnel in understanding the reporting requirements of the Act and Commission regulations.

E. Revise financial reporting procedures to segregate receipt streams into three daily reports, reconcilable to bank deposits.

F. Retain the Committee's outside compliance vendor to perform additional data entry and reconciliation tasks.

G. Submit to the Commission's Report Analysis Division, in a Form 99 (Miscellaneous Text), with each monthly report a certification by a Certified Public Accountant who attests to the accuracy of the monthly report based on its reconciliation with bank account statements. This requirement shall last for 18 months following the effective date of the conciliation agreement.

H. Adopt a requirement for an annual or biennial audit by an independent accounting firm.

I. Contract with an independent accounting firm to conduct an audit of the Respondent's financial activity for 2013-2014 and 2014-2016.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

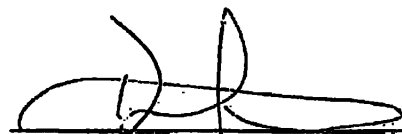
X. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or

oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

BY:



Daniel A. Petalas
Associate General Counsel
for Enforcement

1/29/14

Date

FOR THE RESPONDENTS:



Tom Perry
Treasurer

12/19/13

Date

14044351325